

## Message Text

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O 012249Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR - PRECLEARANCE

REF: OTTAWA 3440, 3557

1. EMBASSY SHOULD RESPOND TO FULFORD LETTER IN REFTEL  
ALONG FOLLOWING LINES:

BEGIN TEXT: WE ARE GRATIFIED THAT AGREEMENTS WERE REACHED  
OCTOBER 24 IN WASHINGTON ON TIMING FOR THE ADMISSION OF NEW  
CARRIERS INTO PRECLEARANCE AT WINNIPEG, ON THE TIMING OF  
CERTAIN FACILITIES IMPROVEMENTS THERE AND ON THE DIVISION  
OF THE COSTS FOR THESE FACILITIES, AND WE HOPE THAT THESE  
UNDERSTANDINGS HAVE SETTLED THE PRECLEARANCE SITUATION AT  
WINNIPEG.

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ON THE OCCASION OF THE OCTOBER 24 DISCUSSIONS WE ALSO

REASSURED THE CANADIAN DELEGATION THAT THE UNITED STATES WAS ANXIOUS TO PROVIDE SERVICE AT EXISTING PRECLEARANCE POINTS AT LEAST EQUAL TO THAT AT POSTCLEARANCE POINTS. ALTHOUGH SOME PROBLEMS HAD ARISEN AT TORONTO AND MONTREAL IN EARLY OCTOBER WE UNDERSTOOD THAT THE SITUATION AT THESE POINTS HAD IMPROVED. WE INVITED THE CANADIAN DELEGATION TO CALL TO OUR ATTENTION ANY FURTHER PROBLEMS WHICH SHOULD RISE AT THESE OR OTHER EXISTING PRECLEARANCE POINTS.

WITH RESPECT TO THE ESTABLISHMENT OF ADDITIONAL POINTS AT

HALIFAX, CALGARY, EDMONTON AND VICTORIA, WE WOULD REFER TO PARAGRAPH A OF THE MEMORANDUM OF THE JULY 16 MEETING WHERE IT IS NOTED THAT THERE WAS A DIFFERENCE BETWEEN THE TWO SIDES ON TRAFFIC CRITERIA FOR NEW PRECLEARANCE POINTS WHICH WAS NOT RESOLVED. WE WOULD SUGGEST THAT THIS MATTER BE CONSIDERED AGAIN. IN THE MEANWHILE WE WOULD APPRECIATE ANY ADDITIONAL TRAFFIC DATA AND PROJECTIONS WHICH YOU CAN GIVE US. THE PRINCIPAL PROBLEM HERE IS A BUDGETARY ONE. AT THE PRESENT JUNCTURE WHEN OUR FEDERAL GOVERNMENT IS SEEKING TO LIMIT ITS EXPENDITURES WE MUST ASSURE THAT THERE IS SUFFICIENT TRAFFIC TO JUSTIFY THE ASSIGNMENT OF A MINIMUM NUMBER OF INSPECTION PERSONNEL. THERE IS ALSO A MATTER OF TIMING, GIVING CONSIDERATION TO THE DATES FOR COMPLETION OF FACILITIES, THE BUDGETARY CYCLE OF THE INSPECTION AGENCIES AND THE REQUIREMENTS OF THE AIRLINES INVOLVED.

OUR INSPECTION AGENCIES ARE LOOKING INTO THE SITUATION AT VANCOUVER AND WE WOULD EXPECT TO BE ABLE TO RESPOND SHORTLY TO YOUR REQUEST FOR ADMISSION OF PACIFIC WESTERN AIRLINES TO PRECLEARANCE AT VANCOUVER.

ON THE MATTER OF ASSESSMENT OF CERTAIN ONGOING COSTS TO CARRIERS AT MONTREAL AND TORONTO THE US CUSTOMS PROPOSES TO SEEK FUNDS FOR THE NEXT FISCAL YEAR WHICH WOULD ENABLE IT TO ELIMINATE ALL OF THE SEVEN CATEGORIES OF CHARGES TO WHICH THE CANADIAN DELEGATION OBJECTED AT THE JULY 16 MEETING. THE US IMMIGRATION SERVICE IS LOOKING INTO THE LEGAL BASES FOR MODIFYING ITS RULES ON OVERTIME PAY-LIMITED OFFICIAL USE

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MENTS TO WHICH THERE WAS ALSO CANADIAN OBJECTION BUT IF THIS REQUIRES STATUTORY MODIFICATION IT COULD BE A LENGTHY PROCESS. HOWEVER, IT IS OUR TENTATIVE IMPRESSION THAT THE AMOUNTS INVOLVED IN THE INS CHARGES ARE NOT LARGE. PENDING THESE CHANGES, CURRENT CHARGES CONTINUE TO BE APPLICABLE AND WE WOULD APPRECIATE YOUR INFLUENCE IN SECURING PAYMENT OF OUTSTANDING AIR CANADA BILLS.

ON OUR SIDE WE WOULD LIKE TO CALL YOUR ATTENTION TO A

MATTER OF SOME IMPORTANCE WHICH WAS BROUGHT TO OUR NOTICE IN THE LAST FEW DAYS. THIS IS A COMPLAINT THAT US AIRLINES HAVE BEEN ASKED TO PAY A PORTION OF THE COSTS OF RELOCATION OF INSPECTION FACILITIES AT DORVAL WHEN THE MIRABEL FACILITIES ARE OPENED FOR INTERNATIONAL TRAFFIC. IF THIS WERE THE CASE WE WOULD HAVE TO LODGE A STRONG PROTEST SINCE THE INITIALING OF THE PRECLEARANCE AGREEMENT ON SEPTEMBER 7, 1973 WAS BASED ON AN UNDERSTANDING SET FORTH IN THE MEMORANDUM OF CONSULTATION OF SEPTEMBER 7, 1973, IN RESPECT TO COSTS AT MONTREAL.

PARAGRAPH 4 OF THAT MEMORANDUM STATES THAT "IT WAS AGREED THAT THE ALLOCATION OF COSTS PROVIDED (FOR FACILITIES AT MONTREAL) WERE APPLICABLE ONLY TO THE INTERIM FACILITIES ... AND THE CANADIAN SIDE GAVE ITS ASSURANCE THAT US AIRLINES WOULD NOT BE REQUIRED TO CONTRIBUTE TO FURTHER PRECLEARANCE CONSTRUCTION AT MONTREAL ... TO COMPLETE THE

FACILITIES REFERRED TO IN ANNEX A, PARAGRAPH 3." PARAGRAPH 3 OF ANNEX A STATES THAT FACILITIES MEETING THE STANDARDS OF ANNEX D WILL BE PLACED INTO OPERATION AT MONTREAL.

IN CLOSING WE WOULD EXPRESS OUR PLEASURE AT THE PROGRESS WHICH HAS BEEN MADE DURING THE LAST YEAR IN IMPROVING PRECLEARANCE AND IN ELIMINATING PRECLEARANCE AS A SOURCE OF IRRITATION BETWEEN OUR TWO COUNTRIES. WE HAVE ACHIEVED A NUMBER OF FIRM AND USEFUL UNDERSTANDINGS IN THE COURSE OF THIS TIME AND WE ARE HOPEFUL TO BUILD UPON THESE IN THE FUTURE AND THEREBY TO IMPROVE THE SERVICE WHICH PRECLEARANCE PROVIDES TO BOTH CANADIAN AND US TRAVELERS. END TEXT.  
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2. EMBASSY SHOULD TELL SEAL (AND INCIDENTALLY INFORM FULFORD) THAT US REGRETS IT DOES NOT EXPECT TO BE ABLE TO INAUGURATE PRECLEARANCE AT HALIFAX DURING FY 1975. WE ARE SURPRISED THAT SEAL RAISES THIS POINT SINCE WE MADE US POSITION CLEAR INFORMALLY TO CANDEL IN WASHINGTON OCT 24. AS INDICATED IN LETTER TO FULFORD PROBLEMS EXIST RELATING TO SUFFICIENCY OF TRAFFIC AND TIGHT USG BUDGET. FURTHER IT MAY BE POINTED OUT THAT ANNEX A, PARA 4 OF MAY 8 AGREEMENT SPECIFICALLY ALLOWS 18 MONTHS TO IMPLEMENT PRECLEARANCE AT NEW POINTS AFTER THE TWO GOVERNMENTS AGREE TO NEW POINT IN CANADA. WHILE WE WOULD NOT NECESSARILY ALWAYS INSIST ON SUCH A DELAY, IN THIS CASE DESPITE A FURTHER REVIEW IN RESPONSE TO SEAL'S MOST RECENT REQUEST WE ARE UNABLE TO OBLIGE HIM.

3. FYI. WE ARE PARTICULARLY ANXIOUS TO GET THE PAYMENTS

TO CUSTOMS AND INS BEING WITHHELD BY AIR CANADA. EVENT-  
UALLY THIS COULD BECOME A SERIOUS ISSUE. HOWEVER, AT THIS  
TIME EMBASSY MAY WISH TO HANDLE IT IN SOMEWHAT LOW KEY IN  
ORDER NOT ENCOURAGE CANADIANS TO DEMAND QUID PRO QUO.  
END FYI. INGERSOLL

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